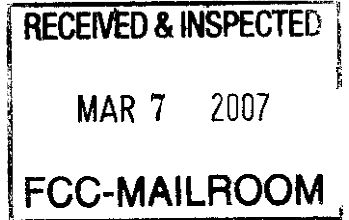


**BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.**



| | | |
|---------------------------|---|---------------------|
| In the Matter of |) | |
| |) | CSR-7012-Z |
| Comcast Corporation's |) | |
| Request for Waiver of |) | CS Docket No. 97-80 |
| 47 C.F.R. § 76.1204(a)(1) |) | |

REPLY COMMENTS OF THOMSON

Thomson hereby submits these reply **comments** in support of Comcast's Application for Review filed in the above-captioned proceedings.¹ Thomson respectfully **urges** the Commission to grant Comcast's Application for Review and approve Comcast's request for waiver of the integration ban for certain low-cost, limited-capability set-top boxes.

As Thomson has previously stated, grant of Comcast's waiver request would have significant public interest benefits for consumers, cable operators, and CE companies.² The low-cost set-top boxes covered by the waiver request are essential to Comcast's and other operators' transition to all-digital platforms. These boxes provide a cost-effective way for millions of consumers to access digital services for the first time. The more consumers who opt to use these boxes, the more quickly Comcast and other **operators** can advance their digital transition efforts and reclaim analog spectrum for more HD programming, faster Internet transmission speeds, and other services consumers want. As Thomson pointed out in its initial comments, this transition

¹ See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1), Application for Review*, CS Dkt. No. 97-80, CSR-7012-Z (Jan. 30, 2007) ("Application for Review").

² See Thomson Comments, filed in CSR-7012-Z, CS Dkt. No. 97-80 (June 14, 2006).

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process will *benefit* CE companies *since* the rollout of *more* HD programming will *spur* more consumer interest in buying HDTVs and other *digital* products *at retail*.³

In contrast, denial of the Comcast waiver will have significant public interest *harms*. As previously noted, a CableCARD *requirement* will substantially *increase* the cost of the low-cost set-top box! These higher equipment *costs* will dampen consumer interest in subscribing to digital *services* and slow Comcast's and other *operators'* transition to all-digital networks? Any delay in cable's transition to digital would *harm* CE companies *as* well since it would delay the reclamation of analog spectrum and retard the rollout of HD programming, thereby depressing sales of HDTVs at retail.

Thomson is a *firm* supporter of the OpenCable process and a level playing field for consumer electronics companies! However, it does *not* believe that a waiver for low-cost, limited-capability boxes would impair the retail marketplace for navigation devices. First, Thomson is not aware that there is or ever *has* been a retail marketplace for these low-cost digital set-top boxes; the clear focus of CE companies is on the higher-end HD products consumers

3

See Thomson Comments at 1; see also Panasonic Comments, filed in CSR-7012-Z, at 2-4 (Feb. 14, 2007). Curiously, although the Media Bureau order denying the waiver request says "the CE industry argue[s] that grant of the waiver *will* unfairly advantage cable providers in the set-top box market and run afoul of the purpose of Section 629," and although it cites statements of CEA, Sony, Sharp, and Pioneer, it fails to discuss the support for Comcast's waiver request that was expressed by Thomson, Panasonic, Samsung, Motorola, Cisco, and Pace. See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Mem. Opin. & Order, DA 0749, ¶¶ 9-10 (rel. Jan. 10, 2007).

4

See Thomson Comments at 1 ("The cost of low-end STBs has declined dramatically over the last 3 years. It is now economically feasible to accelerate the transition to digital services. However, the cost of the current implementation of separable security has not followed the same trend and now represents a very large percentage of the cost of the low-cost STBs.").

5

See Application for Review at 21

6

See Thomson Comments at 1

value and want. Second, Comcast ~~has~~ said ~~that~~, even with a waiver for low-cost ~~boxes~~, it expects to deploy millions of CableCARD-enabled ~~higher-end boxes~~ once the ~~integration~~ ban ~~goes~~ into effect.¹ Deployment of these ~~boxes~~ will ~~assure~~ that the Commission's objective of "common reliance" is achieved.

A few years ago, when it created DOCSIS, the cable industry successfully implemented a standardization process in the area of ~~high~~ speed ~~data~~ that was similar to what OpenCable is today. We are concerned that the extra burden ~~created~~ by CableCARDs will divert Comcast and other cable operators ~~resources~~ from OpenCable, thereby delaying the introduction of new, open set-top-boxes. ~~This~~ would ~~reduce~~ competition, limit innovation, and ~~harm consumers~~ as well as CE companies.

For the foregoing reasons, and those set forth in the Application for Review and Thomson's earlier ~~comments~~, Thomson respectfully ~~asks that~~ the Commission grant Comcast's Application for Review and approve its ~~request~~ for waiver of the integration ban for certain low-cost, limited-capability set-top boxes.

Respectfully submitted


/s/ Frank E. Dangeard

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February 26, 2007

¹ See Application for Review at 17-18; Comcast Reply, filed in CSR-7012-Z, at 14-15 n.56 (June 30, 2006).